

Dear Committee,

Thank you for the opportunity to provide a pre-budget 2019 submission.

Recommendation: that the Government of Canada establish a \$200 million venture capital fund dedicated exclusively to investing in early-stage, Canadian firms in the mental health space.

Background: the World Health Organization estimates that mental illnesses are costing up to \$ US 1 trillion per year globally. The most recent estimates for Canada calculate the lost productivity to the economy at \$50 billion per year as a result of depression and anxiety alone. Around the world, risk capital is flowing to firms specializing in the treatment of mental illness with three times as much capital allocated to this sector in 2018 versus 2017. According to one data provider, this year global venture capital funding is on track to reach \$ US 500 million. Canada, however, is lagging on this front as less than a handful of such firms are up and running and even fewer venture capital funds are backing these firms. The government of Canada recently advanced \$40,000 towards a Gatineau, Québec start up in this area – an investment that risks becoming ‘stranded’ given the penury of risk capital available to mental health firms.

Opportunity and Threat: Canada still has an opportunity to jump to the forefront of mental illness treatment by backing early-stage companies that are developing new treatments or that are delivering existing treatment practices in novel ways. The threat is that unless we address the crisis in mental health in an urgent fashion, then our economy will continue to underperform relative to its potential.

I served as Executive-Director of Canada’s Venture Capital and Private Equity Association from 2003 to 2014 and currently sit on a number of Boards of Directors in the private risk capital space. Publications include a 2017 report published by the CD Howe Institute on government risk capital policy. A recent study was of the links between mental health and productivity that was delivered at the Annual Conference of the Canadian Economics Association at McGill University in June 2018.